

Debt Service Budget Summary

Debt Policy

The Board of County Commissioners debt policy is defined by general County ordinance Section 2-241:

“The board is hereby authorized and empowered, in order to carry out the purpose of this article, to borrow money and issue certificates of indebtedness therefor upon such terms and at such rates of interest as the board may deem advisable and in accordance with the provision of article VII section 12 of the Florida Constitution of 1968 and Florida Statutes, chapter 125 and other special and general laws and said certificates of indebtedness may be a charge upon all revenues derived from taxes in that year or may be made payable from budgetary requirements in due course of law, as the board may elect.”

Debt Capacity

The ability of the County to issue debt is a function of: (1) the revenues legally available to pledge as security for the debt; (2) limitations on the collection of that revenue which the bondholder will take into account in determining the principal amount of bonds which could be repaid; and, (3) the market interest rates in effect at the time the debt is issued, together with the length of time for repayment. The debt capacity of the County's non ad valorem revenue base is strong but restricted in practice because the revenues are also used for funding operations.

Annual debt service on Monroe County's direct debt shall not exceed the following annual median ratios for medium size counties published by Moody's Investment Services: debt to operating revenue, debt to assessed valuation, and debt per capita.

Ad Valorem Debt Capacity

Monroe County does not currently use ad valorem debt financing. The Florida Constitution does not limit the amount of ad valorem taxes a county may levy for the payment of bonds authorized by voters' referendum. The County is limited by Article VII, Section 9 of the Florida Constitution to a maximum levy of 10 mills per \$1.00 of the assessed value of real estate and tangible personal property for purposes other than the repayment of voted bonds. The County's countywide millage is below the statutory limit.

There are several different types of debt incurred by cities and counties in Florida, including general obligation debt, revenue debt and other debt including long-term leases and government loans. Following are descriptions of Monroe County's outstanding debt issues:

Guaranteed Entitlement Refunding Notes, 2002 - Revenue Bonds issued in 1988 and re-financed in 1993 and 2002 to finance the building of the Marathon and Plantation Key jails and the Marathon Regional Service Center. These notes are being repaid from state shared revenues.

MSD Refunding Notes, 2002 - Revenue Bonds issued in 1980 and refinanced in 1985, 1991, and 2002 to purchase of solid waste incinerators and finance Cudjoe Key, Long Key and Key Largo landfill closures. These notes are being repaid from solid waste assessment fees.

2003 Revenue Bonds- Revenue bonds issued in 2003 to finance construction of the Marathon Courtroom, Plantation Key Courtroom, Upper Keys Government Center, Big Pine Fire/ EMS, Conch Key Fire/ EMS, Key Largo North Fire, Ocean Reef Fire/ Ambulance Replacement, Tavernier Fire, & Medical Examiner Facility capital projects. These bonds are being repaid from the One Cent Infrastructure Surtax.

Refinancing of Debt

Management continually monitors the County's debt portfolio for opportunities to refinance or refund outstanding debt, as market conditions and debt covenants allow, in order to maximize financing cost

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savings. In 1993, Monroe County re-financed original revenue bond debt issued in 1983 and 1988. In 1998, Monroe County refinanced the Sales Tax Revenue Bonds – 1991, and in 2002, Monroe County refinanced the Refunding Bonds- 1993 (88), and the Solid Waste Revenue Bonds-1991 (88).

Bond Ratings

Moody's Investors Service grades the investment quality of municipal bonds from the highest quality which is "Aaa" to the lowest credit rating, which is "C". Standard & Poor's rating service grades from "AAA" the highest; to "D" which is the lowest. Monroe County bonds have historically been rated "Aaa" and "AAA" from Moody's Investor Service and Standard & Poor's Corporation, respectively.

Debt Service Summary by Type

	Amount Issued	9/30/2003 Gross Debt Outstanding	9/30/2003 Less Debt Reserves	9/30/2003 Net Debt Outstanding	Date of Maturity	Effective Interest Rate
General Obligation Bonds:						
	\$ -	\$ -	\$ -	\$ -	N/A	
Non Ad-Valorem Supported Debt:						
Guaranteed Entitlement Refunding						
Notes, 2002	7,230,000	2,953,784	300,000	2,653,784	10/1/2008	2.96%
Infrastructure Sales Surtax Rev, 2003	28,006,441	28,006,441	-	28,006,441	4/1/2018	3.57%
Self-Supporting Debt:						
MSD Refunding Notes, 2002	4,863,857	4,863,857	415,636	4,448,221	10/1/2011	3.60%
Total	\$ 40,100,297	\$ 35,824,082	\$ 715,636	\$ 35,108,446		

Debt Service Schedule

Bond Year	Guaranteed Entitlement Refunding Notes, 2002			MSD Refunding Notes, 2002		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$556,045	\$87,432	\$643,477	\$423,468	\$130,291	\$553,760
2005	\$571,254	\$70,973	\$642,227	\$437,909	\$115,851	\$553,760
2006	\$590,663	\$54,064	\$644,727	\$452,841	\$100,918	\$553,760
2007	\$609,146	\$36,580	\$645,727	\$468,283	\$85,476	\$553,760
2008	\$626,677	\$18,550	\$645,227	\$484,252	\$69,508	\$553,760
2009				\$500,765	\$52,995	\$553,760
2010				\$517,841	\$35,919	\$553,760
2011				\$535,499	\$18,261	\$553,760
2012						
2013						
2014						
2015						
2016						
2017						
2018						
Total	\$2,953,784	\$267,599	\$3,221,384	\$3,820,859	\$609,219	\$4,430,078

Debt Service Schedule

Bond Year	Infrastructure Sales Surtax Series 2003			Total Debt Service		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	1,105,000	683,696	1,788,696	\$2,084,513	\$901,419	\$2,985,932
2005	1,145,000	652,230	1,797,230	\$2,154,162	\$839,054	\$2,993,216
2006	1,170,000	629,330	1,799,330	\$2,213,504	\$784,312	\$2,997,816
2007	1,205,000	605,930	1,810,930	\$2,282,430	\$727,987	\$3,010,416
2008	1,240,000	581,830	1,821,830	\$2,350,929	\$669,888	\$3,020,816
2009	1,285,000	552,070	1,837,070	\$1,785,765	\$605,065	\$2,390,830
2010	1,335,000	516,733	1,851,733	\$1,852,841	\$552,651	\$2,405,492
2011	1,385,000	476,683	1,861,683	\$1,920,499	\$494,943	\$2,415,442
2012	1,445,000	431,670	1,876,670	\$1,445,000	\$431,670	\$1,876,670
2013	1,505,000	382,540	1,887,540	\$1,505,000	\$382,540	\$1,887,540
2014	1,575,000	329,865	1,904,865	\$1,575,000	\$329,865	\$1,904,865
2015	1,645,000	273,165	1,918,165	\$1,645,000	\$273,165	\$1,918,165
2016	1,720,000	212,300	1,932,300	\$1,720,000	\$212,300	\$1,932,300
2017	1,805,000	147,800	1,952,800	\$1,805,000	\$147,800	\$1,952,800
2018	1,890,000	75,600	1,965,600	\$1,890,000	\$75,600	\$1,965,600
Total	\$21,455,000	\$6,551,441	\$28,006,441	\$28,229,643	\$7,428,259	\$35,657,902